

BOYS AND GIRLS CLUB OF HERNANDO COUNTY, INC.

AUDITED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2017 AND JUNE 30, 2016

**Richard E. Janosko, CPA
11215 Spring Hill Dr.
Spring Hill, FL 34609**

Boys & Girls Club of Hernando County, Inc.

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RICHARD E. JANOSKO, CPA

Certified Public Accountants

- Tax Work
 - Financial Management
 - Accounting
-

INDEPENDENT AUDITOR'S REPORT

**Board of Directors
Boys and Girls Club of Hernando County, Inc.
Hernando Florida**

Report on the Financial Statements

We have audited the accompanying financial statements of Boys & Girls Club of Hernando County, Inc., which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

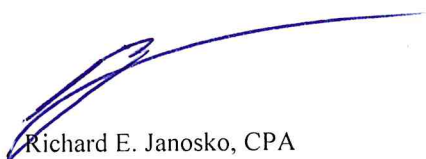
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



Richard E. Janosko, CPA

Spring Hill, Florida
December 26, 2017

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BOYS AND GIRLS CLUB OF HERNANDO COUNTY, INC.
STATEMENT OF FINANCIAL POSITION

June 30,	2017	2016
ASSETS		
CURRENT ASSETS		
Cash - Unrestricted	\$ 75,169	\$ 100,329
Cash - Restricted	-	-
Accounts Receivable	91,189	98,653
Other Current Assets	<u>18,187</u>	<u>18,883</u>
TOTAL CURRENT ASSETS	184,545	217,865
FIXED ASSETS		
Buildings	81,293	79,793
Furniture, Fixtures & Equipment	<u>165,997</u>	<u>151,290</u>
Total Fixed Assets	247,291	231,083
Depreciation, Accumulated	<u>(115,679)</u>	<u>(101,099)</u>
NET FIXED ASSETS	<u>131,612</u>	<u>129,985</u>
OTHER ASSETS		
Prepaid Insurance	1,858	3,735
Prepaid Expenses	<u>864</u>	<u>500</u>
TOTAL OTHER ASSETS	<u>2,721</u>	<u>4,235</u>
TOTAL ASSETS	<u>\$ 318,879</u>	<u>\$ 352,085</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	11,051	13,895
Accrued Payroll	20,215	-
Accrued Payroll Tax Liabilities	2,551	11,149
Accrued Simple 401K Deductions	534	1,973
Grants Paid In Advance	<u>-</u>	<u>11,892</u>
TOTAL CURRENT LIABILITIES	<u>34,351</u>	<u>38,909</u>
NET ASSETS		
Unrestricted	284,528	313,176
Restricted	<u>-</u>	<u>-</u>
TOTAL NET ASSETS	<u>284,528</u>	<u>313,176</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 318,879</u>	<u>\$ 352,085</u>

(See Accompanying Notes)

BOYS AND GIRLS CLUB OF HERNANDO COUNTY, INC.
STATEMENT OF ACTIVITIES

<u>Year Ended June 30,</u>	<u>2017</u>	<u>2016</u>
UNRESTRICTED NET ASSETS INCOME		
SUPPORT		
In-Kind Contributions	378,016	350,784
Non Governmental Grants	73,146	10,950
Governmental Grants	67,038	81,380
Contributions - Corporate & Business	2,420	2,255
Restricted Contributions - Corporate & Business Darden	-	700
Individual Contributions	6,594	3,688
Total Support	527,213	449,757
 Registration Fees		
Before & After School Care	418,185	387,716
Preschool/Daycare	219,142	245,552
Summer Program	107,997	96,309
Spring and Winter Break	9,548	12,049
ELC Program Fees	490,982	424,030
KCI program funding	-	66,990
Professional Days	2,208	2,996
Returned Check fees	625	555
Event Income	-	-
Total Registration Fees	1,248,686	1,236,197
 Foundation		
Boys & Girls Clubs of America	31,749	9,119
Total Foundation Revenue	31,749	9,119
 Revenue From Other Sources		
Fundraising	23,496	9,789
Concession Stand/Vending Machine	6,079	5,938
Other Income	1,081	65
Total Revenue From Other Sources	30,657	15,792
 Revenue From Investments		
Revenue From Investments	146	255
Interest Earnings	146	255
Total Revenue From Investments	146	255
Total Revenue from Registration and Fundraising	1,311,238	1,261,363
 TOTAL UNRESTRICTED NET ASSETS INCOME	 1,838,451	 1,711,121

(See Accompanying Notes)

BOYS AND GIRLS CLUB OF HERNANDO COUNTY, INC.
STATEMENT OF ACTIVITIES

<u>Year Ended June 30,</u> EXPENDITURES	<u>2017</u>	<u>2016</u>
Program Services		
Youth Health, Education and Recreation	1,523,449	1,460,977
Support Services		
Management and General	330,476	255,818
Fundraising	13,174	6,038
TOTAL EXPENDITURES	1,867,099	1,722,833
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	(28,648)	(11,712)
TEMPORARILY RESTRICTED NET ASSETS	-	-
INCREASE (DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS	-	-
INCREASE (DECREASE) IN NET ASSETS	(28,648)	(11,712)
NET ASSETS, BEGINNING OF YEAR	313,176	324,888
NET ASSETS, END OF YEAR	284,528	313,176

(See Accompanying Notes)

Boys and Girls Clubs of Hernando County, Inc.
Statements of Functional Expenses

Year Ended June 30,	2017			2016			
	Supporting Services			Supporting Services			
	Program Services	Management and General	Fundraising	Program Services	Management and General	Fundraising	Total
Personnel:							
Salaries	\$ 806,944	\$ 208,677	\$ 0	\$ 773,607	\$ 175,680	\$ 0	\$ 949,287
Employee benefits	16,906	19,867	0	20,426	17,209	0	37,635
Payroll taxes	63,774	16,176	0	63,204	13,671	0	76,875
	887,624	244,719	0	857,237	206,560	0	1,063,797
Other:							
Building repairs and maintenance	37,141	824	0	22,444	1,543	0	23,987
Equipment expenses	14,089	4,516	0	7,716	3,627	0	11,343
Auto	13,265	4,929	0	4,796	3,151	0	7,947
Program materials	89,764	0	0	106,488	0	0	106,488
In-kind expenses	377,689	327	0	350,784	0	0	350,784
Professional fees	0	5,150	0	0	6,980	0	6,980
Pre-employment fees	11,410	704	0	2,941	150	0	3,091
Marketing and Publishing	353	4,908	0	125	1,275	0	1,400
Insurance	22,517	3,124	0	22,140	2,382	0	24,522
Postage, supplies and printing	25,730	6,814	0	22,298	6,833	0	29,131
Training	4,288	16,629	0	13,718	2,046	0	15,764
Dues and subscriptions	895	10,141	0	9,846	0	0	9,846
Service charges/Merchant Fees	448	8,966	0	285	3,381	0	3,666
Telephone and Telecommunicatios	8,094	1,189	0	7,659	1,047	0	8,706
Miscellaneous	6,196	17,535	0	8,833	16,844	0	25,677
Fundraising Direct Expenses	0	-	13,174	(0)	-	6,038	6,038
Total other expenses	611,880	85,756	13,174	580,070	49,259	6,038	635,367
Total expenses before depreciation	1,499,504	330,476	13,174	1,437,308	255,818	6,038	1,699,164
Depreciation	23,945	0	0	23,669	0	0	23,669
Total expenses	\$ 1,523,449	\$ 330,476	\$ 13,174	\$ 1,460,977	\$ 255,818	\$ 6,038	\$ 1,722,833
Percentage of Total Expenditures	81.6%	17.7%	0.7%	84.8%	14.8%	0.4%	100.0%

See accompanying notes to financial statements.

BOYS AND GIRLS CLUB OF HERNANDO COUNTY, INC.

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets	(28,648)	(11,712)
Provided by Operating Activities		
Depreciation	14,580	23,669
(Increase) Decrease in Accounts Receivable	7,464	(29,026)
Increase (Decrease) in Accounts Payable	(2,844)	(3,729)
(Increase) Decrease in Other Current Assets	696	1,644
Increase (Decrease) in Other Current Liabilities	(1,715)	(5,427)
(Increase) Decrease in Other Assets	1,513	(3,543)
(Increase) Decrease in Fixed Assets	<u>(16,207)</u>	<u>(13,996)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	3,488	(30,409)
CASH FLOWS FROM INVESTING ACTIVITIES	-	-
CASH FLOWS FROM FINANCING ACTIVITIES	-	-
NET INCREASE IN CASH	<u>(25,160)</u>	<u>(42,121)</u>
CASH AT BEGINNING OF YEAR	<u>100,329</u>	<u>142,450</u>
CASH AT END OF YEAR	<u>75,169</u>	<u>100,329</u>

(See Accompanying Notes)

NOTES TO THE FINANCIAL STATEMENTS

BOYS AND GIRLS CLUB OF HERNANDO COUNTY, INC.

Notes to the Financial Statements

For the Years Ended June 30, 2017 and June 30, 2016

NOTE A – Nature of operations and summary of significant accounting policies

The following is a summary of significant accounting policies followed in the preparation of these financial statements. The policies conform to generally accepted accounting principles applicable to voluntary health and welfare organizations and have been consistently applied.

Nature of operations

The Boys and Girls Club of Hernando County, Inc. is a not-for-profit corporation organized to provide behavioral guidance and to promote the health, social, educational, vocational and character development of boys and girls in Hernando County, Florida.

Summary of significant accounting policies

A description follows of significant accounting policies of the organization.

Basis of accounting: The financial statements are prepared on the accrual basis.

Basis of presentation: Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in its Statement of Financial Accounting Standards (SFAS) No 117, *Financial Statements of Not-for-Profit Organizations*. Under those provisions, net assets and revenues, gains and losses are classified based on the existence of absence of donor-imposed restrictions as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that can be fulfilled by actions of the Organization pursuant to those stipulations or that expire by the passage of time.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of such assets permit the Organization to use all or part of the income earned on the assets.

Use of estimates: The preparation of financial statements in conformity with generally accepted accounting principles includes the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

Functional allocation of expenses: The costs of providing the various programs have been summarized on a functional basis in the statements of activities and the statement of functional expenses. Certain management and general costs have been allocated among the programs and supporting services.

Cash: The organization considers all cash and investments with maturities of less than three months to be cash equivalents.

BOYS AND GIRLS CLUB OF HERNANDO COUNTY, INC.

Notes to the Financial Statements

For the Years Ended June 30, 2017 and June 30, 2016

Accounts Receivable: Accounts receivable consists of the before and after school program and summer camp fees due. Accounts receivable reported of \$91,189 at June 30, 2017 and \$ 98,653 as of June 30, 2016 represents billings the organization realistically expects to collect. Therefore, no expense for bad debt has been recognized.

Income Taxes: The Boys and Girls Club of Hernando County, Inc. is a not-for-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except for income derived from unrelated business activities. For the year ended June 30, 2017 and June 30, 2016 the Boys and Girls Club has determined that no income taxes are due for its activities.

Fixed Assets: Fixed assets are capitalized and recorded at cost for purchased items and at fair market value at the time of receipt for donated items. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Expenditures for maintenance and repairs are charged to expense as incurred. The cost and accumulated depreciation of fixed assets sold or retired is removed from the related asset and accumulated depreciation accounts and any resulting gain or loss is recorded in the year of disposal.

Other Current Assets: The amount reported of \$18,187 as of June 30, 2017 and \$ 18,883 as of consists of amounts due from a former employee who is under a payment restitution plan and employee advances. The former employee is to pay \$87.41 per month until her debt is satisfied.

Advertising: Advertising costs are expensed as incurred.

Tax status: The organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and currently engages in no activities which are considered to be subject to unrelated business income taxes.

Grants Receivable-Grants receivable represent amounts owed to the Organization from federal, state and local governments for services rendered under contractual obligations and grants from Boys & Girls Club of America, corporations and foundations. All outstanding grants receivable are considered collectible and an allowance for uncollectible amounts was not recorded.

Accounting Pronouncements Issued but Not Yet Adopted

Financial Statement Presentation of Not-for-Profit Entities-In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958) and Health Care Entities (Topic 954) – Presentation of Financial Statements of Not-for-Profit Entities*. The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled “net assets without donor restrictions” and “net assets with donor restrictions”, (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed in service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring that all nonprofits present an analysis of expenses by function and nature in either the statements of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (f) presenting

BOYS AND GIRLS CLUB OF HERNANDO COUNTY, INC.

Notes to the Financial Statements

For the Years Ended June 30, 2017 and June 30, 2016

investment return net of external and direct expenses, and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements. The ASU is effective for fiscal years beginning after December 15, 2017. Early adoption is permitted. The provisions of the ASU must be applied on a retrospective basis for all years presented although certain optional practical expedients are available for periods prior to adoption. Management is currently evaluating the impact of this ASU on its financial statements.

Revenue Recognition-In May 2014, the FASB issued Accounting Standards Update No. 2014-09, *Revenue from Contracts with Customers* (ASU 2014-09), which supersedes nearly all existing revenue recognition guidance under U.S. GAAP. The core principle of ASU 2014-09 is to recognize revenues when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled for those goods or services. ASU 2014-09 defines a five step process to achieve this core principle and, in doing so, more judgment and estimates may be required within the revenue recognition process than are required under existing U.S. GAAP.

The standard is effective for annual periods beginning after December 15, 2018, using either of the following transition methods: (i) a full retrospective approach reflecting the application of the standard in each prior reporting period with the option to elect certain practical expedients, or

(ii) a retrospective approach with the cumulative effect of initially adopting ASU 2014-09 recognized at the date of adoption (which includes additional footnote disclosures). The new standard allows for early adoption for annual periods beginning after December 15, 2016. The Organization is currently evaluating the impact of its pending adoption of ASU 2014-09 on its financial statements and has not yet determined the method by which it will adopt the standard.

NOTE B – Basic programs

The following are components of the organization's youth, health, education and recreation program provided to members:

Physical education: Provides gym activities, league sports, and physical fitness for members.

Social recreation: Provides game room activities, including board games, arts and crafts, contests and special events for members.

Individual services: Provides formal guidance and counseling, juvenile justice projects, community activities, career and educational programs for members.

Cultural enrichment: Provides services in arts and crafts, music, drama, and library services.

BOYS AND GIRLS CLUB OF HERNANDO COUNTY, INC.
Notes to the Financial Statements
For the Years Ended June 30, 2017 and June 30, 2016

NOTE C – Fixed assets

Depreciation expense totaled \$23,945 and \$23,669 for the years ended June 30, 2017 and 2016. Fixed assets consisted of the following at June 30, 2017 and 2016:

	Estimated Life <u>In Years</u>	<u>2017</u>	<u>2016</u>
Buildings	15	\$ 79,793	\$ 79,793
Computers and Furnishings	5 to 7	<u>151,290</u>	<u>151,290</u>
Fixed Assets at Cost		\$231,083	\$231,083
Less Accumulated Depreciation		<u>\$101,099</u>	<u>\$101,099</u>
Net Fixed Assets		<u>\$129,985</u>	<u>\$129,985</u>

NOTE D – Retirement Benefits

The organization instituted a Simple IRA Retirement plan in May of 2009. The administrator of the retirement plan is Modern Woodman of America. The organization contributes up to three percent of gross wages for all eligible employees who have elected to participate.

NOTE E – Temporarily restricted net assets

There were no temporarily restricted assets as of June 30, 2017 or June 30, 2016.

NOTE F – Contingencies

Management is not aware of any contingent liabilities or lawsuits against the organization and therefore has not made any such provision for such a cost in the financial statements.

NOTE G – In-Kind Donations

In-Kind Donations of Buildings and Services are treated as revenue and expenses of the organization.